

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF NEBRASKA

IN THE MATTER OF:)	
)	
WALL STREET EQUITY GROUP, INC.,)	
)	CASE NO. BK12-36698 (S.D. Fla.)
Debtor(s).)	
PETER KIEWIT SONS', INC.,)	A12-8076-TJM
)	
Plaintiff(s),)	8:10CV365
)	
vs.)	CHAPTER 7
)	
WALL STREET EQUITY GROUP, INC.;)	
WALL STREET GROUP OF COMPANIES,)	
INC.; WALL STREET PRIVATE EQUITY)	
GROUP, INC.; SHEPHERD FRIEDMAN;)	
and STEVEN S. WEST,)	
)	
Defendant(s).)	

REPORT & RECOMMENDATION

Hearing was held on November 19, 2012, on the plaintiff's motion for withdrawal of the reference to the bankruptcy court (Fil. No. 7). Michael L. Schleich and Robert W. Futhey appeared for the plaintiff and A. Margaret Hesford appeared for the defendants.

The plaintiff filed this lawsuit in the United States District Court for the District of Nebraska on September 30, 2010, alleging violations of federal and state trademark and unfair trade practices laws. Discovery abuses led to the imposition of an \$82,909.60 sanction award against the defendants, to be paid by November 26, 2012. Concurrently, defendant Wall Street Equity Group, Inc., filed a Chapter 7 bankruptcy petition and Wall Street Private Equity Group, Inc., filed a Chapter 11 bankruptcy petition, both in the Southern District of Florida, which resulted in the stay of all actions against the debtor and the referral of the lawsuit to this court. The plaintiff now moves for an order withdrawing the reference of this case as to the non-debtor defendants so it may proceed with its case.

The automatic stay of 11 U.S.C. § 362 protects the debtor from any attempts to collect a debt from it, but the non-debtor defendants do not enjoy the same protection. Therefore, I respectfully recommend to the United States District Court for the District of Nebraska that it withdraw the reference of this adversary proceeding to proceed with the litigation against Wall Street Group of Companies, Inc., Shepherd Friedman, and Steven S. West, while staying the case as to the party in bankruptcy until the automatic stay is no longer in effect or until relief from the automatic stay is requested and obtained from the Southern District of Florida bankruptcy court.

Further, this court's order (Fil. No. 2) directing the parties to file status reports will be held in abeyance pending the district court's decision on the motion to withdraw the reference.

The Clerk of the Bankruptcy Court shall process this recommendation pursuant to the local court rules.

DATED: November 19, 2012

RESPECTFULLY SUBMITTED,

/s/ Timothy J. Mahoney
United States Bankruptcy Judge

Notice given by the Court to:

*Michael F. Coyle
*Robert W. Futhey
David A. Carter
A. Margaret Hesford
Scott R. Austin
U.S. Trustee